

TEACHERS' RETIREMENT BOARD
BUDGETS AND AUDITS COMMITTEE

SUBJECT: 2000-2001 Proposed Budget

ITEM NUMBER: 4

ATTACHMENT(S): 2

ACTION: X

MEETING DATE: July 13, 2000

INFORMATION: ____

PRESENTER: Peggy Plett

SUMMARY

Attached is the initial proposed budget for the 2001-2002 fiscal year. The proposed budget is estimated at \$56,967,971 a 5.5% increase over the 2000-2001 budget. The increase reflects initial proposed changes and baseline adjustments including Budget Change Proposals (BCP). Attachment I presents the initial proposed budget summary listing along with the summary of the proposed BCPs with associated dollar amounts. The detailed BCP narrative data will be incorporated into the final proposed budget package that will be presented to this Committee in October.

Also attached (Attachment II) is a schedule that displays budget basis point comparisons for State fiscal years 1996-97 through 2001-2002. This schedule is presented to provide the Committee with some insight into the growth in operating budget as compared to the fund size.

Staff are seeking approval of this initial presentation of the 2001-2002 budget. We anticipate presenting the final budget package to the Committee in October for approval prior to submission to the Department of Finance for inclusion in the Governor's budget.

INITIAL PROPOSED BUDGET
2001-2002 BUDGET YEAR
STATE TEACHERS' RETIREMENT SYSTEM
FUND 0835

2000-01 APPROVED GOVERNOR'S BUDGET \$53,999,871

I. BASELINE ADJUSTMENTS:

Merit Salary Adjustment	(Estimate only)	440,000	
Salary Adjustment - Exempts		Pending	
Price Increase @ 2%	(Estimate only)	491,000	
Hdqtrs. Building Rent Adjustment		Pending	
Pro Rata Adjustment		Pending	
Delete 2000-01 One-Time Costs		(4,552,400)	
Total Baseline Adjustments			(3,621,400)

II 2001-2002 PROPOSED BUDGET NEEDS, AS OF MAY 31, 2000:

Business Growth	1,796,700	
One-Time Expenditures	4,792,800	
Total Proposed Budget Needs		6,589,500

TOTAL PROPOSED, 2001-2002 \$56,967,971

June 21, 2000

INITIAL BUDGET CHANGE PROPOSALS
2001-2002
STATE TEACHERS' RETIREMENT SYSTEM
FUND 0835

<u>PROPOSED CHANGE</u>	<u>Positions</u>	<u>Amount</u>
1. Establish three positions in support of developing the Health Benefits Program.	3.0	\$268,900
2. Provide funding for consultant services for examination selection in the Personnel Office.	- - -	\$80,000
3. Establish two positions in support of the Personnel Office.	2.0	\$129,800
4. Provide funding for a replacement reproduction machine and a color copy machine.	- - -	\$227,000
5. Establish one position in support of the Board Room and Technical Training Room.	1.0	\$109,500
6. Provide funding for the department-wide training budget.	- - -	\$50,000
7. Establish four positions in support of additional activities in the Investment Office.	4.0	\$326,400
8. Augment Temporary Help and Overtime in the Client Benefits and Services Branch to accommodate START implementation.	- - -	\$125,000
9. Establish four positions in the Client Benefits and Services Branch to support the workload related to the billing service process.	4.0	\$397,800
10. Provide funding for a new Member Financial Guide.	- - -	\$100,000
11. Establish one position in the Client Benefits and Services Branch to process workload associated with partial redeposit billings (AB 820).	1.0	\$54,500
12. Provide funding for new general ledger software.	- - -	\$100,000

June 21, 2000

INITIAL BUDGET CHANGE PROPOSALS
2001-2002
STATE TEACHERS' RETIREMENT SYSTEM
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<u>PROPOSED CHANGE</u>	<u>Positions</u>	<u>Amount</u>
13. Establish one position in the Accounting Division to process workload related to rollovers and receivables.	1.0	\$70,400
14. Establish one position in the Accounting Division to process workload associated with partial redeposits (AB 820).	1.0 LT	\$81,500
15. Establish one position in the Legislation, Planning & Program Dev. Div. in support of CalSTRS' website.	1.0	\$90,400
16. Establish two positions (one LT) in support of the Cash Balance Benefit Program.	2.0	\$121,700
17. Establish one position and funding for the design and development of a database for the Cash Balance Benefit Program.	1.0	\$668,000
18. E - Service		\$318,500
A. Provide funding for computer telephony integration improvements.	- - -	\$25,000
B. Provide funding for a pilot of a web enabled text chat.	- - -	\$15,000
C. Provide funding in the Legis. Planning & Program Dev. for a web module on financial education & retirement planning.	- - -	\$50,000
D. Provide funding for electronic service projects .	- - -	\$228,500
19. OMNIBUS TECHNOLOGY		\$3,270,100

June 21, 2000

INITIAL BUDGET CHANGE PROPOSALS
2001-2002
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<u>PROPOSED CHANGE</u>	<u>Positions</u>	<u>Amount</u>
A. Provide funding for replacement of two IBM production printers.	- - -	\$155,000
B. Provide funding for E-mail technology upgrades and software.	- - -	\$208,900
C. Provide funding for STRSNet infrastructure and maintenance.	- - -	\$123,000
D. Provide funding to implement corporate imaging and workflow technology.	- - -	\$2,783,200
 TOTAL BCP'S	 <u>21.0</u>	 <u>\$6,589,500</u>

7/7/00

STATE TEACHERS RETIREMENT FUND*
SUMMARY OF BUDGET BY BASIS POINTS
1996/97 thru 2001/02 Fiscal Year
(In thousands)

	FY 1996/97**	FY 1997/98**	FY 1998/99**	FY 1999/00***	FY 2000/01***	FY 2001/02***
Investment Market Value Beginning of FY	\$63,455,482	\$74,777,836	\$88,198,335	\$99,784,727	\$112,373,765	\$125,380,204
Admin Expenditures Basis Points	\$37,101 5.85	\$36,339 4.86	\$45,038 5.11	\$51,548 5.17	\$54,000 4.81	\$56,968 4.54
External Advisor Fees Basis Points	\$43,433 6.84	\$40,577 5.43	\$44,974 5.10	\$52,600 5.27	\$52,600 4.68	\$52,600 4.20
Total Operation Budget Basis Points	\$80,534 12.69	\$76,916 10.29	\$90,012 10.21	\$104,148 10.44	\$106,600 9.49	\$109,568 8.74

* This calculation reflects the value of the State Teachers Retirement Fund and its associated costs relative to measurement of a basis point. 100 basis points equate to 1 percent.

** Actual per Annual Financial Reports for 1996/97 thru 1998/99 FY.

*** Estimate for 1999/00 thru 2001/02 FY.